

**Lawrence Berkeley National Laboratory
Contract Assurance Council
Minutes of the Monthly Meeting**

**Wednesday, July 9, 2008
University of California—Office of the President
Franklin 5305**

CAC members or representatives present:

Bruce Darling	Bob Van Ness	Buck Koonce
Bob Foley	John Birely	John Oakley, by phone
Steve Beckwith	Patrick Reed	John Layton, by phone
Judy Boyette	Brad Hayward	Bill Eklund for Jeff Blair

UCOP Staff:

Ron Nelson	Sandy Vinson
Jim Hirahara	Gary Falle, by phone

Guest participants:

Jim Krupnick, LBNL	Anil Moore, LBNL
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Welcome/Action Items

Associate Vice President Bob Van Ness welcomed the Council members to the monthly meeting. Jim Hirahara reviewed the action items as follows:

- Items 39, 40 and 49 are deferred until the next CAC meeting
- Item 47—Action on this item is on hold until the Podonsky review is scheduled.
- Item 48—Ron Nelson reported the review of adequacy of LBNL COI policies and processes is ongoing.

The June 2008 minutes are considered final as distributed.

Supply Chain Update

Anil More reported on *Supply Chain Cost Savings*. The project began a few years ago, and the original goal was set at \$30M savings over five years. Initial projected savings were \$26M to \$37M based on opportunities identified from a spend analysis of projected expenditures. The current projection is \$28M to \$32M, and includes actual savings through mid-FY08 and adjustments based on current performance. Anil reported that LBNL is on pace to reach the \$30M goal.

Electronic processes are now in place for low-value purchases using a system referred to as eBuy. Over 29,000 orders valued at about \$8M have been processed since the first eBuy deployment in July 2006. Next steps include: additional savings from point-to-point (P2P) and travel process reengineering in FY09 and beyond (estimated savings in excess of \$500K); encourage Divisions to move away from traditional vendors and take full advantage of the efficiencies inherent in using eBuy vendors; review of Facilities Pcard use for

increased use of eBuy sources, and; review of current low value trends to explore other efficiency opportunities.

A question was asked whether LBNL activities in this area would be beneficial to the LLC process. Bruce Darling will inquire and give the responsible parties Anil More contact information. Bruce also asked whether the results of the Supply Chain and the Property results have been communicated to the Office of Science, as well as the Berkeley Site Office. The Council was informed that the Berkeley Site Office and the Office of Science are aware of the progress being made. The Council considered these successes in achieving cost savings to be a very positive result that should be included in communications with officials in the Department as appropriate.

Property Inventory Results

Anil More reported on the *FY08 Statistical Sample Inventory Results*. The sample was for the period January through March 2008. There were 2700 items in the sample that were inventoried, consisting of 37 assets over \$1M, 2543 laptop computers, and 60 each of sensitive and controlled items. The statistical sample inventory was completed and validated with best-in-class results (40 of 40 BSC points earned), and find rates of 99.7% by item and 99.9% by cost, and a scan rate of 94.4%. Anil attributed the outstanding results to conscious efforts to improve the culture at LBNL. Emphasis has been focused on assuring that employees understand their responsibilities and accountability requirements regarding property.

Status of CRT and Guest House Projects

Jim Krupnick reported on the *Status of CRT and Guest House Projects, and Helios*. Memoranda's of Understanding have been executed for CRT and the Guest House projects, and one of the provisions of the MOUs is to inform the Council on the status of the projects and MOU compliance. A draft of the Helios MOU is being reviewed. The agreements are limited to matters associated with construction of each particular project. Subsequent MOU agreements will be executed related to operations. CRT and Helios are both facing potential lawsuits and site issues. An alternate site is being considered for Helios, which could result in a year delay.

Annual Assurance Letter to DOE

Jim Hirahara reviewed the process of how the annual assurance letter is transmitted to DOE. BSO Manager Aundra Richards sent a letter to Vice President Foley dated June 19, 2008 regarding Federal Managers' Financial Integrity Act and DEAR 970.5203-1, Management Controls. Ms. Richard's letter sets forth 4 objectives that she will in turn confirm in her BSO assurance memorandum to the Secretary, which will state the extent to which management controls provide reasonable assurance that:

- Programs, projects, and administrative functions are performed in an economical and efficient manner consistent with applicable laws,
- Property, funds, and other resources are safeguarded against waste, loss, unauthorized use or misappropriation,

- Obligations and costs comply with applicable law; and
- Revenues and expenditures applicable to DOE's operations are recorded and accounted for properly so accounts and reliable financial statistical reports may be prepared and accountability of assets maintained.

In response to Ms. Richard's letter, VP Foley has been requested to consider a wide range of factors and provide written assurance that LBNL's management controls provide reasonable assurance that these objectives are being met. Director Chu will be providing input for VP Foley's assurance letter that will be relied on heavily in an initial draft of the letter. The CAC members were alerted that they will be sent a draft version for review and comments before it is finalized and sent to BSO Manager Aundra Richards.

Wrap Up

An executive session was held following the regular agenda items.

Action Items:

#	<i>Responsible Party</i>	<i>Action</i>	<i>Date Added</i>	<i>Status</i>
39	Fernandez LBNL	Report on what measures UCB and LBNL take to require vendors to indemnify UC when the vendor is working at LBNL	12/12/07	OPEN
40	Fernandez/ Hatayama LBNL	Report on how equipment owned by other organizations is managed at LBNL, including maintaining accountability and operational safety assurance	12/12/07	OPEN
47	Hirahara UCOP	Create a sub-group of CAC members to advise LBNL on preparation for FY09 Podonsky review	03/11/08	HOLD
48	Nelson UCOP	Report on review of adequacy of LBNL COI policies and processes	03/11/08 ongoing	OPEN
49	Chernowski LBNL	Report on the process for changing corrective action due dates in CATS	05/21/08	OPEN